



Chautauqua County 2022 Tentative Budget  
September 22, 2021

Good Evening Mr. Chairman, County Legislators, Department Heads, County Employees and Residents. Thank you for the opportunity to present the 2022 Tentative Chautauqua County Budget.

## 2021 Budget Challenges

- \$4-\$8M Drop in 2020 Sales Tax (10-20%)
- \$450K Drop in 2020 Occupancy Tax (28%)
- \$800K Deferment of capital projects
- Increase in expenditures in order to protect citizens and employees

A year ago, we were facing serious budget challenges. Because of these challenges, our budget logo went from



**Chautauqua County 2021 Tentative Budget**  
**County Executive PJ Wendel**  
**September 23, 2020**



To this. Because of this change, ...

## We Challenged Department Heads to Budget Outside the Box.



We had to challenge our department heads to budget outside the box...

## Our 2021 Budget Mission



*Make our 2021 comeback better than  
our setback.*

Make our comeback better than our setback.

AND WE DID!

In a few minutes, you will see our 2021 comeback started with strong financial results in 2020. Since our comeback is stronger than our setback, what does that mean for the 2022 budget? It means since we thought outside the box, now we can ...



# Reimagine

County Government

- Delivery of our services
- Use of our work force
- Use of our facilities
- Revenue sources
- A three to five year plan
- A 2022 budget that is part of a multi-year plan

Reimagine county government.

Last year, we managed to get out of the box, out of the trenches. Now we can think bigger and longer. We can reimagine efficiency, reimagine revenue sources, and imagine a 2022 budget that fits into a 3-5 year plan. With this idea in mind, let's move on to the details.

## 2022 Budget Goals

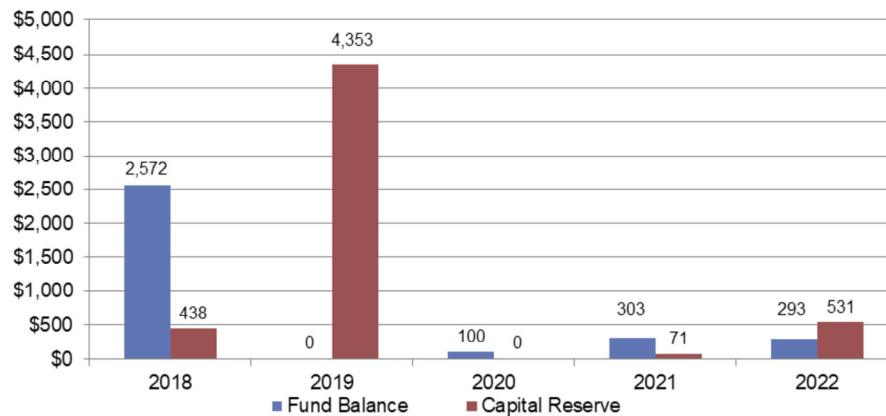
- Present a structurally balanced budget.

First, let's review our goals for the 2022 budget.



## Goal: Structurally Balance Budget

Budgeted Use of Fund Balance & Capital Reserve (A Fund)



We define a structurally balanced budget one that covers recurring or “usual” expenses with recurring or “typical” revenues, and uses no general fund balance, or, in other words, uses nothing from our “savings account.” Here’s a look at the use of general fund balance and capital reserves in past budgets. The blue bar is expected use of general fund balance, and the red bar is expected use of capital reserve. The goal is to keep the blue bar close to zero. The red bar in this slide, the use of capital reserve, is not really part of the equation when we try to achieve a structurally balanced budget, but it provides additional information about our use of available funds.

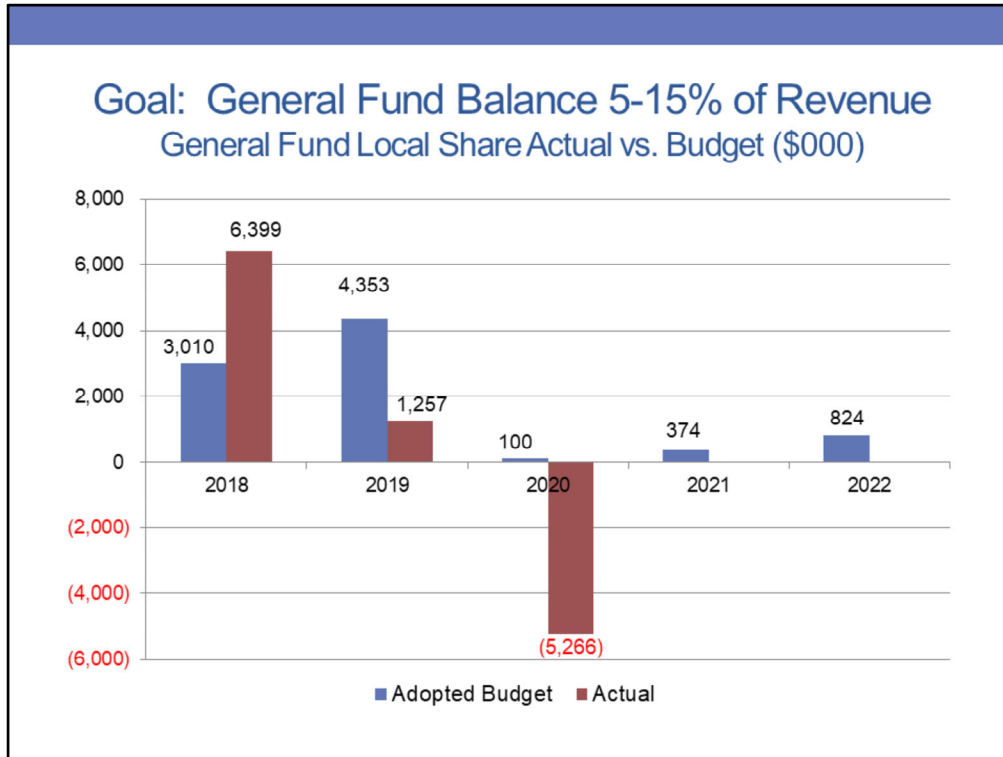
For the FOURTH year in a row, the budget uses no unassigned general fund balance. The budget uses \$292,700 from a designation of fund balance. The designation was created after the county realized a gain from the 2019 sale of Star Flight helicopters. The designation is for the debt service expenses associated with the purchase of the helicopters.

In 2022, we are planning to use \$531,234 from the capital reserve. The capital reserve is expected to be approximately \$1.5M at the end of 2021, so the budgeted use of reserve can be comfortably accommodated.

## 2022 Budget Goals

- Present a structurally balanced budget.
- Maintain general fund balance of 5-15% of revenues, per Fiscal Management Policy.

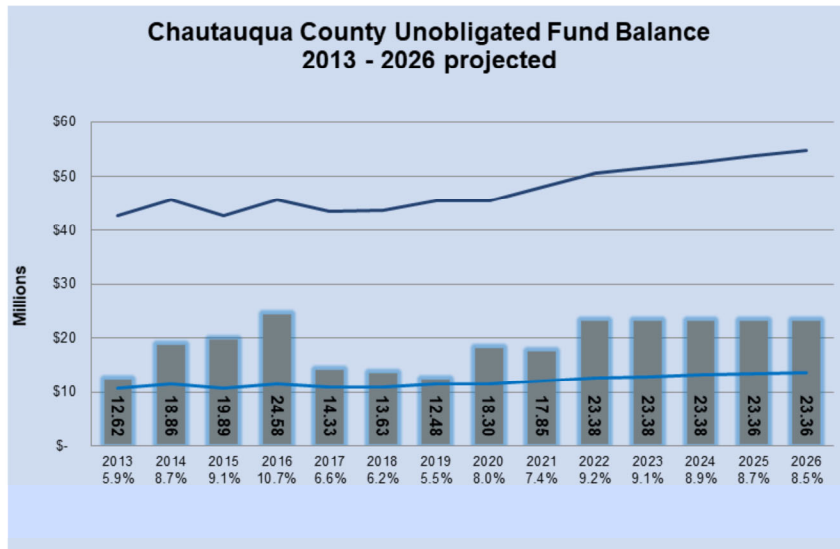
The next goal is closely associated with the goal of a balanced budget. The goal is to maintain a general fund balance between 5 & 15% of general fund revenues. As I mentioned earlier, 2020 financial results were much better than expected. Let's take a look at those results, and then we will see how those results affect this goal.



This graph shows the actual local share (red bars) compared with the budgeted local share (blue bars). 2020 financial performance was \$5.3M BETTER than the adopted budget, in a year in which everyone expected the worst. In 2020, we were able to contribute over \$5M to the general fund balance, something that has not been done in many years, and we were able to present a 2021 budget that uses only a small amount of designated general fund balance and reserves. We accomplished this because of careful county-wide planning, budget cuts and sacrifices made by departments and employees, and consumer spending that kept our sales tax revenue strong.

Now that you know how we did last year, let's look at the fund balance, both in the past and what we project for the future.

## Goal: General Fund Balance 5-15% of Revenue



The County's financial management policy suggests general unobligated fund balance should be between 5 & 15% of general fund gross revenue. The green bars show the amount of fund balance; the lower line is the lower limit; the upper line is the upper limit.

Due to the 2020 surplus illustrated in the last slide, the general fund balance increased unexpectedly, and we are now above the minimum fund balance as a percentage of revenues. Our goal is to at least maintain this position, and we can do this if we present a structurally balanced budget. Again, a structurally balanced budget means no use of fund balance, or the green bar does not get shorter. Our current projection of general fund balance as a percentage of revenue is 9.2% in 2022, and at least 8.5% during the next four years (2023-2026).

## 2022 Budget Goals

- Present a structurally balanced budget.
- Maintain general fund balance of 5-15% of revenues, per Fiscal Management Policy.
- Present a budget with a tax levy at or under the tax levy limit.

The next goal was to be at or under the tax levy limit mandated by NYS, also known as the tax cap. Based on a variety of factors, the state specifies how much our tax levy can be. The 2022 allowable Levy increase is \$1,722,303, compared with \$1,221,034 in 2021. The allowable levy increase is larger in 2022 due to increases in the levy growth and quantity change factors set by NYS.

## Budget Targets and Goals

- Present a structurally balanced budget.
- Maintain general fund balance of 5-15% of revenues, per Fiscal Management Policy.
- Present a budget with tax levy at or under the tax levy limit.
- Return services to pre-pandemic levels.
- American Rescue Plan Act (ARPA) funds will not be used for recurring expenditures.

Our next goal was to return to pre-pandemic levels of service. If departments decreased services in 2021, we gave them the option to reinstate those services. Of course, they had to demonstrate the services removed from the budget in 2021 are needed in 2022.

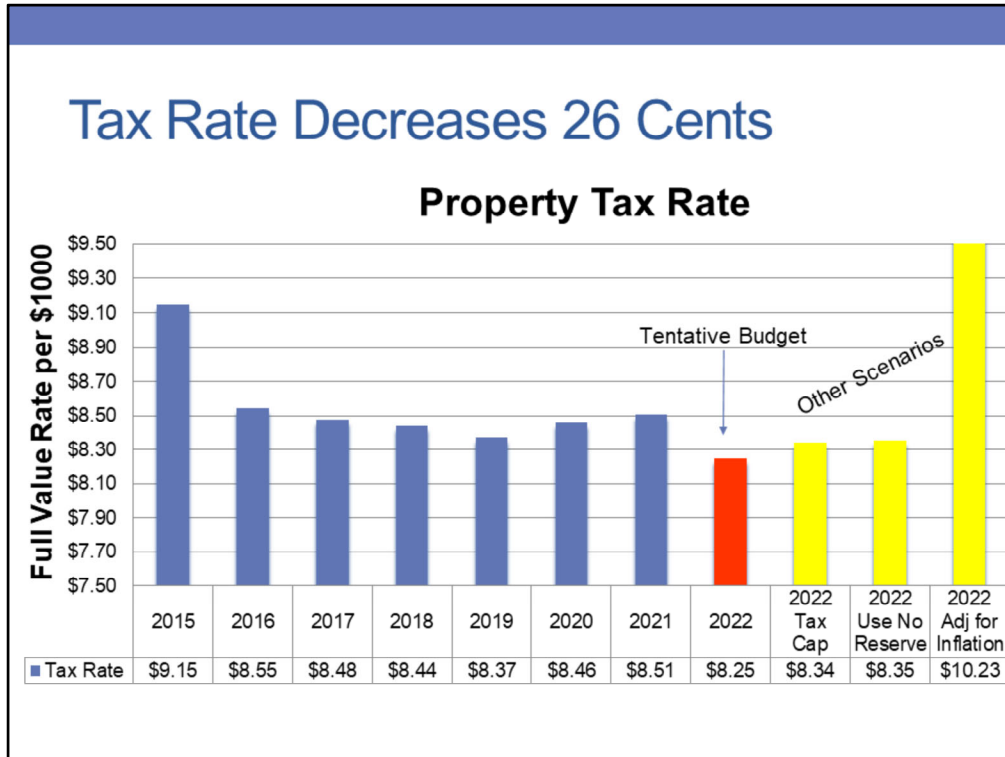
Finally, I would like to comment about the American Rescue Plan Act, also known as ARPA. ARPA is not really a goal of the 2022 budget, but it affects the budget. Chautauqua County will receive \$2.6M from the federal government, due to the ARPA. These funds must be spent by the end of 2026, and there are many rules about how the money can be spent. This month, the legislature will consider my plan for using ARPA funds to investment in public health, infrastructure, economic development, and public safety. Our plan is to amend the 2021, 2022, and future budgets as needed to implement the plan. We cannot use ARPA funds as a direct contribution to fund balance or reduction in the tax levy. This means we cannot add ARPA revenue to our 2022 budget for the purpose of reducing our tax levy.

Now that you know our goals, here are the results.

## 2022 Tentative Property Tax Levy & Rate

	2021 Adopted	2022 Tentative	\$ Change from Prior Year	% Change from Prior Year
Property Tax Levy	\$67,183,395	\$68,139,034	\$955,639	1.42%
Full Valuation	\$7,898,142,093	\$8,258,167,240	\$360,025,147	4.56%
Property Tax Rate	\$8.51	\$8.25	-\$0.26	-3.00%

I am proposing a 2022 tax rate of \$8.25—26 cents BELOW last year’s rate. I am also proposing a total levy increase of \$955,639. This increase is \$766,664 less than the tax levy allowed by the tax cap.



It is noteworthy that the tax rate in the 2022 Tentative Budget, the red bar, is significantly below \$10.23, the tax rate adjusted for inflation since 2012 (the far right yellow bar). A healthy 4.6% growth in property valuations contributed to the reduction in the tax rate. If there were no change in the county's property valuation, the tax rate in the 2022 Tentative Budget would be \$8.63.



## Summary of Revenues by Classification (Governmental Funds)

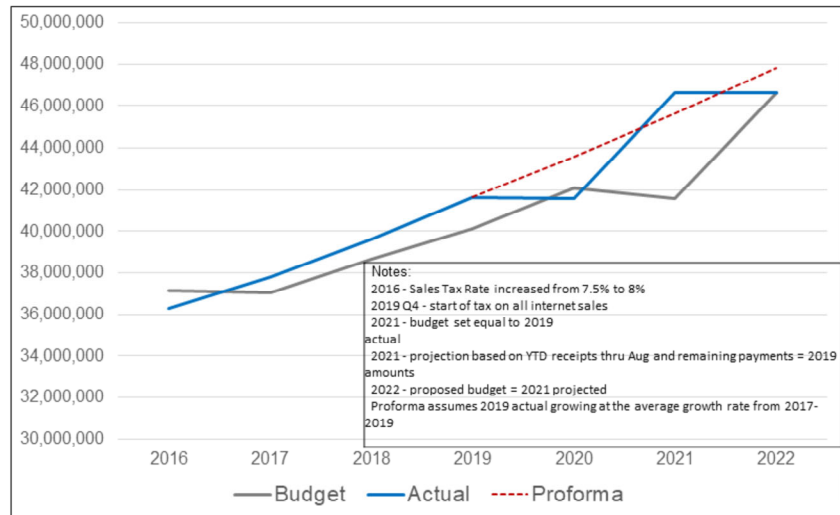
Revenue Classification	2021	2022	Increase/(Decrease)	
	Adopted Budget	Tentative Budget	Amount	Percent
Departmental Income	\$19,832,893	\$19,735,272	-\$97,621	-0.5%
Fines, Licenses, Miscellaneous	\$2,189,027	\$2,262,664	\$73,637	3.4%
Shared Services	\$4,884,978	\$4,887,124	\$2,146	0.0%
New York State Aid	\$37,758,593	\$40,758,869	\$3,000,276	7.9%
Federal Aid	\$32,709,920	\$36,245,755	\$3,535,835	10.8%
Sales Tax - Pass Thru	\$29,280,977	\$32,750,217	\$3,469,240	11.8%
Sales Tax - County Portion	\$41,566,707	\$46,644,248	\$5,077,541	12.2%
Towns' Sale Tax Applied to Prop Tax	-\$50,000	-\$50,000	\$0	0.0%
Other Tax Items	\$7,294,079	\$7,776,452	\$482,373	6.6%
Use of Money & Property	\$1,866,277	\$1,368,649	-\$497,628	-26.7%
<b>Total Revenues</b>				
(excluding transfers & property tax)	\$177,333,451	\$192,379,250	\$15,045,799	8.5%

And now for the numbers ...

Revenues increased by 8.5%, driven by a \$5M increase in sales tax. The next slide will provide more information about my 2022 budget for sales tax revenue. We receive more New York State Aid due to additional funding for roads and bridges, and Federal Aid increases as health and human services programs return to pre-pandemic levels. Please remember many of the increases in state and federal aid are accompanied by increases in appropriations.

(Exhibit in 2022 Local Share – BA Back Up Data, “by Acct Class” tab.)

## Sales Tax Trend and Proposed 2022 Budget



Sales tax receipts have been strong throughout 2021 as consumers return to pre-pandemic spending habits, and because the county receives sales tax on all online purchases. The 2022 Tentative Budget for sales tax (the grey line) is equal to the projected 2021 sales tax revenue (the blue line). The projection is based on YTD receipts through August, plus 2019 actual for the rest of the year. The proforma, or dotted red line, represents sales tax receipts if they increase at the average growth rate from 2017-2019. As you can see, the proforma suggests sales tax receipts will exceed the conservative level of sales tax revenue included in the 2022 Tentative Budget.

### Notes:

- 2016 - Sales Tax Rate increased from 7.5% to 8%
- 2019 Q4 - start of tax on all internet sales
- 2021 - budget set equal to 2019 actual
- 2021 - projection based on YTD receipts thru Aug and remaining payments = 2019 amounts
- 2022 - proposed budget = 2021 projected
- Proforma assumes 2019 actual growing at the average growth rate from 2017-2019

## Summary of Expenditures by Classification (Governmental Funds)

Expenditure Classification	2021	2022	Increase/(Decrease)	
	Adopted Budget	Tentative Budget	Amount	Percent
Personal Services	\$65,196,301	\$69,146,328	\$3,950,027	6.1%
Employee Benefits	<u>\$35,776,244</u>	<u>\$36,778,572</u>	<u>\$1,002,328</u>	<u>2.8%</u>
Subtotal Personal Services & Employee Benefits	\$100,972,545	\$105,924,900	\$4,952,355	4.9%
Equipment	\$512,687	\$526,272	\$13,585	2.6%
Contractual - Pass Thru Sales Tax	\$29,280,977	\$32,750,217	\$3,469,240	11.8%
Contractual - Medicaid	\$28,307,215	\$28,757,262	\$450,047	1.6%
Contractual - All Other	\$80,973,979	\$88,232,981	\$7,259,002	9.0%
Principal and Interest	<u>\$3,722,190</u>	<u>\$4,009,919</u>	<u>\$287,729</u>	<u>7.7%</u>
Subtotal Other Appropriations	\$142,797,048	\$154,276,651	\$11,479,603	8.0%
Total Expenditures (excluding transfers to other funds)	\$243,769,593	\$260,201,551	\$16,431,958	6.7%

Expenditures increased 6.7%.

Personal Services increased 6% due to contractual changes and additional positions. Many of the positions are funded, or were excluded from last year's budget due to COVID concerns. The 2022 budget reflects settled contracts for the three largest collective bargaining units, including the recently settled contract with DSACC. Personal services and employee benefits for Sheriff lieutenants and part-time deputies are based on 2021 wages.

The increase in employee benefits was held to 2.8% because all employees are now on high deductible health insurance plans, and because of a decrease in retirement rates.

Contractual costs increased, but, as I mentioned earlier, much of this increase is offset by increases in revenue.

## 2022 Proposed Positions

# of FTE	2021 Adopted Budget	2022 Tentative Budget	Change
Governmental Funds	1210.78	1252.53	41.75
Enterprise Funds	68.76	70.01	1.25
Total All Funds	1279.54	1322.54	43.00

New **funded** positions include positions in health and human services, mental hygiene, and the Public Defender's Office. Other positions were added due to increased workloads in public health administration, road maintenance, and the district attorney's office.

## Accomplishments in 2022 Budget

- Return services to pre-pandemic levels
  - With no use of fund balance for fourth straight year
  - While maintaining fund balance at recommended level
- Expand road maintenance schedule
- Conservative sales tax budget
- Conservative occupancy tax budget
- Substantial investment in capital projects and heavy equipment

I am proud of the many accomplishments we were able to include in the 2022 Tentative Budget. This budget **expands** services and programs **without** using unassigned fund balance.

Increased funding from NYS allows the County to expand its road maintenance efforts.

The sales tax and occupancy budgets are conservative and attainable.

Capital projects include investments in road machinery, broadband service, greenfield development, emergency service vehicles, and improvements to the JCC campus, to name a few.

## Opportunities Ahead

- Sales tax and occupancy tax revenues will continue to grow
- Grants will continue to enhance our services, without creating dependence on them
- Reimagined ways of doing business will enhance and expand our services without depleting our resources

Last year, the challenges were many. This year, most challenges have been replaced with opportunities. I believe our sales and occupancy tax collections will continue to grow, and we will continue to use grant funds to our advantage. Furthermore, we will continue to look for new and better ways to deliver or expand our services.

I am confident the 2022 Tentative Budget provides a plan for continued success in Chautauqua County.

I thank you for attending, and encourage you to .....



Reimagine

**County Government**